



## WI RURAL HOUSING

# NEWSFLASH

June 6, 2006  
Fiscal Year 2006  
Issue 4

## JUNE IS NATIONAL HOMEOWNERSHIP MONTH



On May 24th, President Bush issued a proclamation designating the month of June, 2006

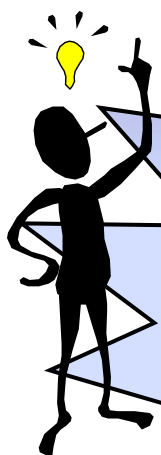
as Homeownership Month. The proclamation underscores the Administration's commitment to providing more Americans with safe, affordable homes.

Owning a home is an important part of the American dream. During National Homeownership Month, we raise awareness of homeownership and encourage

more Americans to consider the benefits of owning their own home.

In Wisconsin, USDA Rural Development is proud to play a significant role in that effort. During the past fiscal year, we assisted 1,169 families in achieving their dream of homeownership with our Direct 502 and Guaranteed Rural Housing (GRH) loan programs. Throughout the month of June, we will be recognizing home owners, mortgage lenders, and other partners who assist our Agency in providing affordable homeownership in rural communities.

Thank you for your continued efforts in making homeownership attainable and affordable in Wisconsin.



### HELPFUL TIP

Faxing your "Request for Reservation of Funds" form to Rural Development prior to submitting your loan application file may speed up Rural Development's loan approval processing time and eliminate some delays in processing your file. You can obtain a copy of this form by clicking [here](#).

Visit our website at <http://www.rurdev.usda.gov/wi/>

for complete information on Wisconsin's GRH Loan Program.

"The USDA is an equal opportunity provider and employer."

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Do you have a question or just want to learn more about the GRH program?

**CONTACT US TODAY!**

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## **WELCOME!**

USDA Rural Development is  
pleased to announce  
the addition of the

### **Farmers & Merchants Union Bank**

to our growing list of  
approved GRH lenders. The  
Farmers & Merchants Union  
Bank provides affordable  
home financing in Columbia  
and Dodge Counties through  
its offices in Columbus,  
Friesland, and Juneau.

*Welcome to the GRH  
program!!!*

*Thank You*

**In recognition of  
National Homeownership Month,  
we would like to thank you  
for your support of the  
Guaranteed Rural Housing  
Program and your dedication to  
assisting the residents of  
rural Wisconsin  
achieve their dream  
of homeownership.**



## GRH LOAN PROCESSING REMINDERS

### Gross Family Income/ Adjusted Family Income

After verifying the applicant's total household income, don't forget to apply the deductions (such as children residing in the home or daycare expense) when determining your income for compliance purposes. If you need assistance with your compliance income calculations, contact any Rural Development office.



### New GRH Income Limits

Effective April 26, 2006 new income limits became available for the GRH loan program. The income limits are posted on our website and can be viewed at: <http://www.rurdev.usda.gov/wi/programs/rhs/library/WI-Income-Limits-for-Single-Family-Housing-Guaranteed-Loans.pdf>

## LOAN ORIGATION AN's ISSUED

On April 20, 2006, RD AN 4174, **Treatment of Applicant Collection Accounts Single Family Housing Guaranteed Loan program Assistance**, was issued to replace RD AN 4080 with the same title. This AN describes the role of the lender's underwriter in determining whether an applicant must pay off any collection accounts prior to or at loan closing.

On April 28, 2006, RD AN 4179, **Single Family Housing Guaranteed Loan Program Acceptable Alternative Documentation to Verify the Applicant's Employment Income**, was issued to replace AN 4070 with the same title. This AN explains the acceptable forms of employment income verifications for non-self-employed applicants.

On April 26, 2006, RD AN 4177, **Single Family Housing Guaranteed Loan Program Appraisals in Remote Rural Areas**, was issued to replace AN 4078 with the same title. This AN differs from the previous AN in that it introduces the Scope of Work Rule which will take the place of the Departure Rule on July 1, 2006.

On April 28, 2006, RD AN 4178, **Single Family Housing Guaranteed Loan Program Determining Repayment Income for Self Employed Applicants**, was issued to replace AN 4069 with the same title. This AN clarifies how to properly analyze a self employed applicant's loan application for repayment ability.

## LOSS CLAIM AN ISSUED

On May 12, 2006, RD AN 4184, **Single Family Housing Guaranteed Loan Program Lender Real Estate Owned Property Disposition Plans**, was issued to replace AN 4066 with the same title. This AN clarifies the content and submission requirements of property disposition plans for lenders with real estate owned (REO) property.

Interested in reading more on one of our updated AN's?

Click [here](#) for the complete AN!

## GRH FILE DOCUMENTATION

### Form RD 1980-21 "Request for Single Family Housing Loan Guarantee"

The *original signed copy* of this form is no longer required to be submitted by the lender. *We will accept a photocopy or facsimile of the signed document as long as it is legible.* It is important to note that the loan amount shown on this form must match the amount approved by your underwriter and the Agency (as shown on the Conditional Commitment and Loan Note Guarantee).



## GRH PROGRAM FUNDING

For Fiscal Year 2006, an appropriation of over \$3.68 billion is available for the GRH loan program. Our fiscal year to date loan activity indicates that approximately 50% of the funding has been utilized nationally. Based on current funds utilization projections, *ample GRH funding will be available throughout the remainder of this fiscal year.* Please continue to fax your Requests for Reservation of Funds to Rural Development as part of your loan processing. Thank you for your tremendous support of the GRH program during the winter and spring months.



## FREQUENTLY ASKED QUESTIONS

### Q: Should I use a 2/1 Interest Rate Buy-down?

A: A temporary interest rate buydown may help you ease your customer into homeownership by minimizing the initial payment shock. This tool can offer eligible applicants payment flexibility similar to ARM products, but without the interest rate risk. The cost of the buydown must be paid by a third party such as the seller, builder, or lender. Applicants are typically qualified at the note rate unless they have verifiable increases in income that will occur during the buydown period. Consult with your underwriter as to the availability of this option.

### Q: What can I charge for loan origination fees?

A: Lenders may charge normal and customary fees for their origination services as long as they do not exceed the amounts charged for similar types of transactions (such as WHEDA, FHA, VA, and other high LTV conform-

ing mortgage products).

These fees may be financed with other loan closing costs up to the appraised value of the property. Only the 2.0% guarantee fee can be financed in excess of the property's appraised value.

### Q: Is the GRH program limited to first time home buyers?

A: No, the GRH program is primarily for applicants seeking to purchase a home, but do not currently own adequate housing. This includes "move up buyers", people who have owned a home in the past 3 years, renters, and relocation situations in addition to first time home buyers.

*Do you have a GRH question that you need answered and you think might benefit others using the GRH Program?*

Please send your question to [RD.SFH.SO@wi.usda.gov](mailto:RD.SFH.SO@wi.usda.gov) for a quick answer and to have the question included in a future newsletter.



## USDA RURAL DEVELOPMENT LOCAL OFFICE CONTACTS

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